

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3864-07  
Bill No.: Perfected HS for HCS for HB 1477 & 1563  
Subject: Health Care; Health Care Professionals; Health Department; Hospitals  
Type: Original  
Date: April 19, 2004

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$430,739)	(\$536,824)	(\$550,587)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$430,739)</b>	<b>(\$536,824)</b>	<b>(\$550,587)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Infection Control Advisory Panel Fund	(\$15,930) to Unknown	(\$10,620) to Unknown	(\$10,620) to Unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$15,930) to Unknown</b>	<b>(\$10,620) to Unknown</b>	<b>(\$10,620) to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** state the proposal requires DOH to collect and analyze data on nosocomial infection data from health care providers including hospitals, produce a consumer guide on findings and trends, and implement prevention and control strategies. DOH states 125 hospitals will be required to submit data on nosocomial infections in their respective hospitals. There are approximately 725,000 Missouri patients annually. DOH assumes that 7% of the patients in Missouri hospitals have a nosocomial infection, or  $725,000 \times .07 = 50,750$  cases per year. The proposal requires that the DOH collect sufficient information to risk adjust the data. DOH estimates that a minimum of 20 data elements per record or  $50,750 \times 20 = 1,015,000$  data items per year would have to be collected.

DOH states it would need to revise hospital and ambulatory surgical center regulations to reflect the proposal's infection control provisions. The statutory and regulatory changes will result in: (1) Additional infection control complaints that will require investigation, (2) Increased inspection time due to need to evaluate compliance with additional statutory and regulatory requirements, and (3) Increased inspection/investigation time due to identification of infection control problems stemming from receipt and analysis of infection data from facilities.

ASSUMPTION (continued)

DOH states it is required to implement surveillance, educational, and control activities as part of the legislation.

Staffing:

Division of Environmental Health Care and Communicable Disease Prevention

Health Educator III - This position is responsible for planning and directing prevention and control strategies in collaboration with providers, developing and using various educational materials and methods, working with health care providers, medical associations and consumers to implement activities, and coordinating the publication of a consumer guide.

Epidemiology Specialist - This position is responsible for the collection and review and analysis of nosocomial infection data, preparation of reports on findings and trends in antibiotic resistance, and developing data for presentation in publications including articles.

Center for Health Information Management and Evaluation

Three Research Analyst IIIs and 1 Senior Office Support Assistant will be needed to:

- Determine what data elements are needed to conduct the required analysis.
- Publish rules.
- Create data reporting requirements.
- Prepare correspondence with hospitals on the reporting requirements.
- Create computer edits to ensure clean data.
- Correspond with hospitals on edit reports.
- Create management controls to ensure hospitals are reporting according to the rules.
- Correspond with hospitals that are not responding as required.
- Create a database for analysis.
- Conduct a later review on appropriate risk adjustment techniques.
- Develop a risk adjustment technique suitable for the data.
- Create reports on hospitals.
- Publish reports on a quarterly basis.
- Correspond with hospital concerning complaints about the reports.
- Respond to consumers and media inquiries about the report.

DOH reports in federal fiscal year 2003, 16 complaints were received alleging infection control issues in regulated health care facilities. As of March 11, 2004 of federal fiscal year 2004, 9 such complaints have been received. If this rate continues through the remainder of federal fiscal year 2004, approximately 22 infection control complaints will be received. Assuming a doubling of the rate of complaints due to the increased visibility and patient education resulting from this

ASSUMPTION (continued)

legislation, an additional 22 complaints would need to be investigated each year. Infection control complaints are some of the most time consuming to investigate because they involve extensive observation in multiple areas of the hospital. DOH estimates a typical infection control complaint investigation following the statutory and regulatory changes would require 56 hours for investigation, write-up, and follow-up. This results in the need for an additional 1,232 hours of employee time (22 additional investigations x 56 hrs./investigation).

DOH estimates that statutory and regulatory changes would result in adding an additional 8 hours of inspection time for each of the 150 hospitals and an additional 6 hours of inspection time for each of the 62 ambulatory surgical centers licensed each year. This additional time for inspections includes write-up, and follow-up time in addition to the additional time at the facility. These changes will result in the need for an additional 1,572 hours of employee time [(150 facilities x 8 hours) + (62 facilities x 6 hours)].

The number of additional inspections/investigations that might be necessitated by concerns resulting from receipt and analysis of infection data is unknown at this time.

Total estimated hours of additional employee time:	
Increased complaint investigations	1,232 hours
Increased inspection time	1,572 hours
Inspections/Investigations due to concerns identified by data	<u>Unknown</u>
Total	2,804 hours plus

Two FTE full-time Health Facility Nursing Consultants would be needed to assume the additional duties involved above. It would be necessary to hire inspectors that have extensive knowledge and experience in infection control; therefore, DOH has used an annual salary rate of \$53,484 instead of the market rate of \$49,140 annually (4 steps above market).

DOH estimated panel expenses in a similar fiscal note. **Oversight** has presented these panel expenses in the Infection Control Advisory Panel Fund.

Officials from the **Office of Attorney General (AGO)** assume that this proposal may create additional costs, as it permits the DOH to terminate certain practices and procedures in hospitals as well as suspend licenses and state payments at hospitals that do not provide information that is being sought. AGO assumes that it would be required to review subpoenas, move in court to enforce subpoenas and represent the DOH in proceedings if hospitals are permitted to appeal the termination of practices and suspension of licenses and payments. AGO further assumes that any

ASSUMPTION (continued)

potential costs arising from this proposal would be minimal and could be absorbed with existing resources.

In a similar proposal, officials from **Cedar County Memorial Hospital** estimate annual costs of \$44,725 would be incurred for staff, computer software, supplies, etc. as a result of this proposal.

Officials from Barton Co Memorial Hospital, Bates County Memorial Hospital, Cass Medical Center, Excelsior Springs Medical Center, Lincoln County Medical Center, Macon County Samaritan Memorial Hospital, and Washington County Memorial Hospital did not respond to our fiscal note request. **Oversight** assumes there will be an unknown cost to county hospitals for the necessary database systems to track infections.

**Oversight** notes that changes in infection controls could result in indirect or direct savings to the state in the form of reduced health expenses. However **Oversight** cannot estimate what these saving might be.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE</b>			
<u>Costs - Department of Health and Senior Services</u>			
Personal Services (8 FTE)	(\$269,216)	(\$331,136)	(\$339,414)
Fringe Benefits	(\$111,455)	(\$137,090)	(\$140,517)
Expense and Equipment	<u>(\$110,068)</u>	<u>(\$68,598)</u>	<u>(\$70,656)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$490,739)</u></b>	<b><u>(\$536,824)</u></b>	<b><u>(\$550,587)</u></b>

## **INFECTION CONTROL ADVISORY PANEL FUND**

### Income—Department of Health and Senior Services private donations

Private donations	Unknown	Unknown	Unknown
-------------------	---------	---------	---------

### Costs - Department of Health and Senior Services

Panel expenses	(\$15,930)	(\$10,620)	(\$10,620)
----------------	------------	------------	------------

### **ESTIMATED NET EFFECT ON INFECTION CONTROL ADVISORY PANEL FUND**

<u>(\$15,930) to    Unknown</u>	<u>(\$10,620) to    Unknown</u>	<u>(\$10,620) to    Unknown</u>
-------------------------------------	-------------------------------------	-------------------------------------

### FISCAL IMPACT - Local Government

FY 2005 (10 Mo.)	FY 2006	FY 2007
---------------------	---------	---------

## **LOCAL FUNDS**

### Costs - County Hospitals

Expense and equipment	(Unknown)	(Unknown)	(Unknown)
-----------------------	-----------	-----------	-----------

### **ESTIMATED NET EFFECT ON LOCAL FUNDS**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
------------------	------------------	------------------

### FISCAL IMPACT - Small Business

This proposal would have potential costs to small hospitals, ambulatory surgical centers, and other health facilities that the DOH may designate related to the collection, analysis, and reporting of nosocomial infection data.

### DESCRIPTION

This proposal creates the Missouri Nosocomial Infection Control Act of 2004. The proposal:

- (1) Authorizes the Department of Health and Senior Services (DOH) to collect, analyze, and disclose nosocomial data obtained from hospital patient medical records. Currently, the DOH obtains this information to conduct epidemiological studies; Section 192.067

CAM:LR:OD (12/02)

DESCRIPTION (continued)

- (2) Requires every laboratory performing culture and sensitivity testing on humans to submit data on infection to the DOH. Section 192.131
- (3) Creates various definitions, including "nosocomial infection," "nosocomial infection incidence rate," and "other facility"; Section 192.665
- (4) Requires the DOH to collect data on nosocomial infection incidence rates from hospitals, ambulatory surgical centers, and other facilities as determined by administrative rule. Section 192.667
- (5) The infection control advisory panel shall make recommendations to the DOH regarding the implementation of nosocomial infection data collection, analysis, and public reporting requirements. Section 192.667
- (7) Requires the DOH to submit quarterly reports of nosocomial infections to the public. The DOH is also required to post the reports on their web site not later than December 31, 2006. The reports will also be distributed on an annual basis to the Governor and the General Assembly; Section 192.667
- (9) Requires the DOH to collect nosocomial infection incidence rates if the Hospital Industry Data Institute fails to do so by July 31, 2008; Section 192.667.15
- (10) Requires the nosocomial infection data collected or published to be available to the DOH for the purpose of licensing hospitals and ambulatory surgical centers; Section 192.667.16
- (11) Requires hospitals, ambulatory surgical centers, and other facilities to have procedures for monitoring compliance with infection control regulations; Section 197.150
- (12) Gives infection control officers the authority to require hospitals to terminate a practice or procedure which does not meet the standard of care in infection control; Section 197.152.2
- (13) Prohibits hospitals and ambulatory surgical centers from taking retaliatory actions against infection control officers and other employees for reporting infection control concerns; Section 197.152.1
- (15) Requires the DOH to develop rules to establish standards for an infection control program by July 1, 2005, and specifies the subject areas for the standards; Section 197.154

DESCRIPTION (continued)

(16) Defines nosocomial infection outbreak; Section 197.156

(17) Requires each hospital and ambulatory surgery center to provide each patient an opportunity to submit complaints, comments, and suggestion related to the quality of care beginning June 1, 2006; Section 197.158

(18) Gives the DOH access to all data and information held by hospitals, ambulatory surgical centers, and other medical facilities relating to their infection control practices. Facilities that willfully impede access to the information will have all or a portion of state payments suspended by the DOH; Section 197.160

(18) The DOH in its licensure of hospitals and ambulatory surgical centers shall give special attention to infection control practices and shall direct hospitals and ambulatory surgical center to set quantifiable measures of performance; Section 197.162

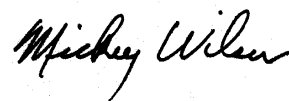
(18) The DOH shall appoint an Infection Control Advisory Panel. Reasonable expenses of the panel shall be paid from private donations made to the Infection Control Advisory Panel Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services  
Cedar County Memorial Hospital  
Office of Attorney General

**NOT RESPONDING: Barton Co Memorial Hospital, Bates County Memorial Hospital, Cass Medical Center, Excelsior Springs Medical Center, Lincoln County Medical Center, Macon County Samaritan Memorial Hospital, and Washington County Memorial Hospital**



Mickey Wilson, CPA



L.R. No. 3864-07  
Bill No. Perfected HS for HCS for HB 1477 & 1563  
Page 9 of 9  
April 19, 2004

Director  
April 19, 2004

CAM:LR:OD (12/02)